CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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DATE: June 4, 2008

TO: Low Income Housing Tax Credit Stakeholders

FROM: William J. Pavão, Executive Director

SUBJECT: Updated Estimated Credit Available Chart

In preparation for the first round of 9 percent credit awards, the California Tax Credit Allocation Committee (TCAC) is posting an updated allocation process chart. The substantive changes are as follows:

Revised Available Returned Credit Amount (Step 1)

The starting federal figure under Step 1 is comprised of the federal formula credits plus any available credits returned between January 1, 2008 and the February 1, 2008. Following a final reconciliation, the available returned credit amount was revised down by \$934 in annual federal credits. This slight revision to the starting federal credit amount causes very minor downward adjustments in each of the set-asides and in the federal portions of the geographic apportionments.

Increased Supplemental Set-Aside Balance (Step 2)

Since February 1, 2008 TCAC has received returned annual federal credits totaling \$712,293. By regulation, those returned credits are added to the Supplemental Set Aside. Generally, the Supplemental Set Aside is used to fully fund pending applications during and following the second round.

Increased Available State Credit Amount (Step 3)

Since February 1, 2008 TCAC has received returned State credits totaling \$1,846,930. These additional credits add to the total available for 4 percent-plus-State credit applications, as well as to the total available for the geographic apportionments in the nine percent competition.

Reduced Housing Type Goals (Step 6)

The credits associated with each housing type goal have been reduced to reflect federal credit amounts as required by regulation. The February chart inadvertently included federal and State credits in the calculations. In backing out the State credits, the remaining goal figures are significantly reduced.

If you have any questions, please contact your regional analyst.

CTCAC ALLOCATION PROCESS FOR SET ASIDES AND GEOGRAPHIC REGIONS <u>Estimated</u> as of May 9, 2008

Step 1 - Calculate Total Federal Credit Ceiling (1)

Per Capita

Population

New Population Based Credits* Forward Committed 2008 Credit Available Returned Credit \$2.00 36,553,215

\$73,106,430 \$0 \$25,386

Plus National Pool

\$0

Total Federal Credit Ceiling

\$73,131,816

Round as Percent of Annual Total

50%

Step 2 - Determine Set Asides (2)

Set Asides		Annual Set Aside Amount	Round 1 Set Aside Amount	Round 2 Estimated Set Aside Amount
Nonprofit	10%	\$7,313,182	\$3,656,591	\$3,656,591
Rural	20%	\$14,626,363	\$7,313,182	\$7,313,181
RHS Apportionment (b)	14%	\$2,047,691	\$1,023,846	\$1,023,845
Other	86%	\$12,578,672	\$6,289,336	\$6,289,336
Small Development (a)	2%	\$1,462,636	\$731,318	\$731,318
At Risk (a)	5%	\$3,656,591	\$1,828,296	\$1,828,295
Special Needs/SRO (b)	2%	\$1,462,636	\$731,318	\$731,318
Supplemental Set Aside (c)	3%	\$2,193,954	\$0	\$1,081,816
Total Set Asides	42%	\$30,715,363	\$14,260,705	\$15,342,519

Step 3 - Determine Geographic Apportionments (3)

 Less Nonprofit
 (\$7,313,182)

 Less Rural
 (\$14,626,363)

 Less Special Needs/SRO
 (\$1,462,636)

 Less Supplemental Set Aside
 (\$2,193,954)

Less Net Credit Balance From Prior Rounds Less State Credits for 4% Competitive Projects

(\$12,570,859) for Rounds 1 & 2

Credit Ceiling Balance to Geographic Regions

e to Geographic Regions \$47,535,680 \$71,234,868

					Adjusted	<u>Estimated</u>
Apportionments		Annual Federal	Total State	Annual Adjusted	Surplus or Deficit	Adjusted Credit
by Region	%	Credit	Credit	Credit (d)	From 2007 (e)	for Round 1 (f)
LA County	33%	\$15,686,775	\$23,507,506	\$18,037,525	(\$1,459,030)	\$7,559,733
Central	10%	\$4,753,568	\$7,123,487	\$5,465,917	\$300,486	\$3,033,444
North and East Bay	10%	\$4,753,568	\$7,123,487	\$5,465,917	\$330,659	\$3,063,617
San Diego	10%	\$4,753,568	\$7,123,487	\$5,465,917	(\$340,211)	\$2,392,747
Inland Empire	8%	\$3,802,854	\$5,698,789	\$4,372,733	\$626,989	\$2,813,356
Orange County	8%	\$3,802,854	\$5,698,789	\$4,372,733	\$298,198	\$2,484,564
San Mateo etc.	6%	\$2,852,141	\$4,274,092	\$3,279,550	(\$254,329)	\$1,385,446
Capital/Northern	6%	\$2,852,141	\$4,274,092	\$3,279,550	(\$575,847)	\$1,063,928
Coastal	5%	\$2,376,784	\$3,561,743	\$2,732,958	(\$658,952)	\$707,527
San Francisco	4%	\$1,901,427	\$2,849,395	\$2,186,367	\$1,250,322	\$2,343,505
	100%	\$47,535,680	\$71,234,868	\$54,659,167	(\$481,716)	\$26,847,868

Note: All numbers in (italics bracketed with parens) are negative numbers.

- (a) All credit allocated to these set-asides is taken from the geographic apportionment, and any awards made in these set-asides will reduce the appropriate geographic set-aside's total credit available.
- (b) State credit allocated to projects in these set-asides is taken from the geographic apportionment, and any awards made in these set-asides will reduce the appropriate geographic set-aside's total credit available.
- (c) Less \$1,824,431 for Round 1 Set Aside Amount, which was forward committed for 2008 from the Supplemental Set Aside to fund a priority project.
- (d) The Adjusted Credit amounts are caluculated as follows: (Annual Federal Credit x10 + Total State Credit)/10.
- (e) The Adjusted Surplus or Deficit: the full adjusted credit balance from 2007, I.e., annual federal credits allocated to projects throughout 2007 and state credits allocated to projects in 2007 divided by ten.
- (f) Estimated Adjusted Credit totals were calcluated as follows: the adjusted annual credit + adjusted credit awarded from round 1.
- (1) "Credit Ceiling is defined at 10302 (j) to include all elements shown below, following Ceiling definition in IRS Code Section 42.
- (2) Health and Safety Code part 50199.2 establishes Rural Set Aside at "...20 percent of the federal ceiling." TCAC Regs Part 10315 also defines Set Asides with reference to a given percentage of the "Federal Credit Ceiling".
- (3) Similar language applies to Geographic Apportionments in Regs part 10315(k).

CALCULATION	OF STATE TAX CR	EDIT CEILING AN	ID HOUSING TYPE	GOALS			
Step 4 - Calculate State Credit Ceiling							
New Credits Plus State Credit CPI Adjustment State Tax Credit for 15% Set Aside Purposes Plus Carry Forward of Prior Year's Credits Less Advance Allocations in Prior Year Plus Returned Credits Total State Tax Credit Available for Year			\$70,000,000 \$13,966,419 \$83,966,419 \$0 (\$2,124,291) \$1,963,599 \$83,805,727				
Bond Financ Other (9%) F Total	· · · · · · · · · · · · · · · · · · ·	nd Financed Proj Set Aside Percentage 15% Balance of Total	Set Aside Dollar Amount \$12,570,859				
	- Calculate Housin	g Type Goals, Fe	deral Tax Credits	Ф70 404 04C			
Annual Federal Tax Credit (·	P		\$73,131,816			
Housing Type Goals	Type Large Family	Percentage 65%	Annual \$47,535,680	Round 1 \$23,767,840			
	SRO	10%	\$7,313,182	\$3,656,591			
	At Risk	5%	\$3,656,591	\$1,828,295			
	Special Needs	5%	\$3,656,591	\$1,828,295			
	Seniors	15%	\$10,969,772	\$5,484,886			